

TWENTY-SEVENTH ANNUAL REPORT

OF

**AUNOR GOLD MINES
LIMITED**

For the Year Ended December 31st, 1965

ANNUAL MEETING

APRIL 4th, 1966 — 12:00 Noon (Toronto Time)
KING EDWARD SHERATON HOTEL

AUNOR GOLD MINES LIMITED

HEAD OFFICE: Suite 1700 — 44 King Street West, Toronto 1

Incorporated under the Laws of the Province of Ontario

C A P I T A L:

Authorized and Issued 2,000,000 Shares of the Par Value of \$1.00 each

D I R E C T O R S:

K. C. GRAY	- - - - -	Toronto
R. V. PORRITT	- - - - -	Toronto
W. S. Row	- - - - -	Toronto
D. E. G. SCHMITT	- - - - -	Toronto
N. C. URQUHART	- - - - -	Toronto

O F F I C E R S:

R. V. PORRITT	- - - - -	<i>President</i>
W. S. Row	- - - - -	<i>Vice-President</i>
R. C. ASHENHURST	- - - - -	<i>Secretary</i>
E. K. CORK	- - - - -	<i>Treasurer</i>

G E N E R A L M A N A G E R:

D. E. G. SCHMITT

T R A N S F E R A G E N T A N D R E G I S T R A R:

EASTERN & CHARTERED TRUST COMPANY
Toronto

B A N K E R S:

THE BANK OF NOVA SCOTIA

AUNOR GOLD MINES LIMITED

Directors' Report to the Shareholders

EARNINGS PER SHARE

	1965	1964
Operating Loss	(15.0¢)	(9.8¢)
E.G.M.A. Credit	32.0	31.8
	<hr/>	<hr/>
Investment Income	17.0¢	22.0¢
	8.4	6.5
	<hr/>	<hr/>
Income and Production Taxes	25.4¢	28.5¢
	4.8	5.9
	<hr/>	<hr/>
Profit on sale of Investments	20.6¢	22.6¢
	1.5	1.5
	<hr/>	<hr/>
	<u>22.1¢</u>	<u>24.1¢</u>

Dividends totalling 20¢ per share were paid during the year, the same as in the previous three years. A dividend of 5¢ per share has been declared payable March 1, 1966 which will bring the total dividends paid to date to \$4.65 per share or \$9,300,000.

The grade of ore and tonnage treated were lower than in 1964. While income from production was lower, increased investment income and reduced operating costs and taxes were offsetting factors.

High labour turnover and shortage of experienced replacements continued throughout the year and resulted in a reduction in average milling rate to 728 tons per day, 15 tons less than in 1964.

As the grade of ore mined to date between the 2125 and 2900 levels has trended lower than estimated from the development openings, a re-assessment of the ore reserves was made and the grade reduced accordingly. The estimate of ore reserves above the 2900 level at January 1, 1966 was 798,000 tons averaging 0.31 oz. gold per ton, compared to 1,064,000 tons and 0.34 oz. at January 1, 1965. The difference reflects 266,000 tons of ore milled during the year as well as the recalculation of grade.

Development work has begun to explore in detail the ore zone between the 2900 and 3500 levels and to provide for stoping layouts and estimation of ore reserves. The No. 3 shaft acquired from Delnite provides access to these levels.

Mr. R. E. Findlay, Manager since 1949, retired in November and has been replaced by Mr. J. M. Gordon, formerly Manager of Hallnor Mines, Limited.

Your directors wish to record their appreciation of the services rendered during the year by the managers and all employees.

On behalf of the Board,

Toronto, Ontario
February 10, 1966

R. V. PORRITT,
President.

AUNOR GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1965

1964
Comparative
Figures

ASSETS

CURRENT

Cash including short term deposits	\$1,484,563	\$1,398,814
Bullion	222,824	256,504
Accounts and interest receivable	18,851	83,268
Marketable investments at cost (quoted market value, \$2,253,000)	2,087,562	1,845,442
Receivable under The Emergency Gold Mining Assistance Act, estimated	220,800	240,000
		<u>3,824,028</u>

INVESTMENTS AT COST

Shares — associated and affiliated companies (quoted market value, \$1,295,400)	508,265	540,432
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DEFERRED AND PREPAID ITEMS

Stores at cost	317,123	306,139
Miscellaneous	8,246	
		<u>9,910</u>
		<u>316,049</u>

FIXED

Mining claims		
Claims purchased	1,063,349	1,063,349
Claims held under lease	106,000	106,000
		<u>1,169,349</u>
Buildings, plant and equipment at cost	2,119,964	2,055,661
Accumulated depreciation	1,807,879	1,734,422
		<u>312,085</u>
		<u>321,239</u>

DEFERRED EXPENDITURE

Mine development expenses, less amounts written off	279,525	357,781
	<u>\$6,629,193</u>	<u>\$6,528,878</u>

LIABILITIES

CURRENT

Accounts payable	\$ 277,962	\$ 286,022
Taxes payable	113,600	39,000
	<u>113,600</u>	<u>39,000</u>
		<u>325,022</u>

DEFERRED

Accumulated tax reduction for appropriation in future years	201,100	208,700
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CAPITAL STOCK AND SURPLUS

Capital stock —

Authorized, issued and fully paid		
2,000,000 shares of \$1.00 par value	2,000,000	2,000,000

Surplus

	4,036,531	3,995,156
	<u>4,036,531</u>	<u>3,995,156</u>

	<u>\$6,629,193</u>	<u>\$6,528,878</u>
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Approved on behalf of the Board:

R. V. PORRITT, Director.

W. S. ROW, Director.

AUNOR GOLD MINES LIMITED

STATEMENT OF OPERATIONS AND SURPLUS For the year ended December 31, 1965

1964
Comparative
Figures

REVENUE

Metal production	\$2,973,582	\$3,153,687
Income from investments:		
Dividends — associated and affiliated companies	50,088	56,387
Other dividends and interest earned	117,419	72,947
Profit on sale of investments	29,465	30,911
		\$3,170,554
		<u>3,313,932</u>

EXPENDITURE

Cost of metal production including mining, milling, delivery and mint charges	3,059,681	3,126,876
Administrative and general expenses	53,441	58,159
Amount written off deferred mine development expenses	80,870	85,934
Depreciation	78,917	79,305
	<u>3,272,909</u>	<u>3,350,274</u>
Less recoverable under The Emergency Gold Mining Assistance Act	639,693	635,597
		<u>2,714,677</u>
Provided for income and production taxes	537,338	599,255
	95,963	117,531
NET PROFIT FOR THE YEAR	441,375	481,724

SURPLUS

Balance, beginning of year	3,995,156	2,832,906
Profit on sale of shares in associated companies	—	1,080,526
Less dividends	4,436,531	4,395,156
Balance, end of year	<u>\$4,036,531</u>	<u>\$3,995,156</u>

AUDITORS' REPORT

The Shareholders,
Aunor Gold Mines Limited.

We have examined the balance sheet of Aunor Gold Mines Limited as at December 31, 1965 and the statement of operations and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of operations and surplus present fairly the financial position of the company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
February 10, 1966.

TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

AUNOR GOLD MINES LIMITED

Manager's Report

The President and Directors:

This report summarizes operations for the year 1965.

MINE

Production:

Ore broken in stopes amounted to 260,200 tons and ore drawn off was 259,200 tons. The broken ore remaining in stopes was 6,100 tons at year end.

Sand backfill placed in stopes amounted to 130,800 tons

Development:

In order to test the feasibility of hydraulic placement of backfill in stopes, and the effects on the schistose footwall rock, a system of some 2500 feet of diamond drill holes were drilled and reamed to 2 $\frac{3}{8}$ " diameter to convey classified mill tailings to several stoping areas. The tests appear satisfactory and it is expected hydraulic backfilling will be adopted.

Development in feet is summarized as follows:

	<i>Between</i> <i>2125 and 2900</i> <i>Levels</i>	<i>Between</i> <i>2900 and 3700</i> <i>Levels</i>	<i>1965</i> <i>Total</i>	<i>1964</i> <i>Total</i>
Drifts and Crosscuts	134	—	134	1,845
Raises	42	64	106	—
Stope Preparation	1,516	767	2,283	1,327
Diamond Drilling	2,606	—	2,606	26,232

Ore Reserves:

At January 1, 1966, ore reserves were estimated at 798,000 tons averaging 0.31 ounces of gold per ton, compared to 1,064,000 averaging 0.34 ounces of gold per ton at the beginning at 1965. Mining above the 2900 level did not expose any ore extensions. The ore reserve figures do not allow for dilution or ore below the 2900 level and the grade of reserves was recalculated on the basis of recent experience.

MILL

The following tabulation provides production and performance figures for the year as compared with 1964 and the period since production commenced in January 1940, —

	<u>1965</u>	<u>1964</u>	<u>Total To Date</u>
Tons milled	265,700	271,800	5,121,500
Tons milled per calendar day	728	743	539
Average gold content — oz. per ton	0.309	0.322	0.347
Average tailings loss — oz. per ton	0.013	0.015	0.012
Total recovery — per cent	95.7	95.3	96.6
Total production — ounces of gold	78,600	83,340	1,718,300
Value of total production	\$2,973,600	\$3,153,700	\$62,156,300
Recovery per ton	\$11.19	\$11.60	\$12.14

The lower milled tonnage was due to the mining department being unable to supply the required ore because of high labour turnover and inexperienced replacements.

GENERAL

The average number of men on the payroll during 1965 was 412, compared to 438 in 1964.

A short power transmission line was erected from the Aunor plant to the acquired Delnite facility to integrate the electric power supply.

I wish to express my appreciation to M. J. Taylor, General Superintendent; W. N. Blayney, Mine Superintendent; W. A. Harris, Mill Superintendent; H. Bruckman, Acting Mechanical Electrical Superintendent; H. P. Shantz, Chief Accountant; and their staffs for the loyal and efficient service they have rendered during the past year.

Respectfully submitted,

J. M. GORDON,
Manager

Timmins, Ontario,
January 24, 1966.

